

# Introduction

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## **Purpose of the End-of-Year Report**

The Federal Pell Grant End-of-Year Report will describe, explain, and analyze primary aspects of the Federal Pell Grant Program activity for the 1994-95 award period.

This presentation is a compilation of quantitative program data assembled to offer insights into the growth of the Title IV applicant universe and Federal Pell Grant Program. The Federal Pell Grant End-of-Year Report provides factual information and highlights important programmatic issues.

Since 1973, the Office of Postsecondary Education has compiled summary information on Title IV applicants and Federal Pell Grant Program activity. The information provides a basis for program planning and development. The End-of-Year Report can assist higher education officials and financial aid administrators to better understand current patterns of Federal Pell Grant disbursements and Title IV applicant activity.

## **Federal Pell Grant Program**

Title IV programs are administered by the Office of Postsecondary Education within the U.S. Department of Education, as authorized by the Higher Education Act of 1965 and as amended by the Higher Education Amendments Act of 1992.

A formula, established by Congress is used to calculate a student's Expected Family Contribution (EFC). This is the amount that a family can be expected to contribute towards college costs when compared with the student's cost of attendance. For the Federal Pell Grant Program the EFC is used to determine eligibility.

The Federal Pell Grant Program is designed to help the neediest undergraduate students. For many students, Federal Pell Grants provide a foundation of financial aid, to which aid from other federal and non-federal sources may be added. The program

provided grants ranging from \$400 - \$2,300 to over 3.67 million students in 1994-95. Since its inception in 1973, expenditures for the Federal Pell Program have increased more than hundred fold (not adjusting for inflation) to \$5.5 billion in 1994-95.

## **Databases for the End-of-Year Report Tables**

All tables in the 1994-95 End-of-Year Report are derived from a merged file containing Title IV applicant and Federal Pell Grant recipient data through December, 1995. The applicant data are from the student applications processed by the central processing system; recipient or disbursement data are derived from information reported by institutions on the Payment Document portion (Part 3) of the Student Aid Report (SAR). Some unreconciled student payment data may be included in the universe file.

## **Eligibility**

The Federal Pell Grant is distinguished from other financial assistance in that all students meeting certain criteria are guaranteed aid, with the amount of aid determined by financial need and educational cost. However, because of limited funding the program is not a true entitlement as benefits may be reduced from those anticipated under a fully funded system. To be eligible for a grant an individual must meet certain residency requirements, be enrolled in an eligible program at a school participating in the Federal Pell Grant Program, and be determined to have sufficient financial need.

As mentioned above, financial need for 1994-95 is calculated using formulae mandated by Congress in the Higher Education Amendments Act of 1992. These formulae, applied consistently to all applicants, take into account such indicators of financial strength as income, assets, and family size. The calculation result, called the Expected Family Contribution (EFC), is combined with the cost of the student's education and the student's

enrollment status (full, three-quarter or half-time) to determine the amount of the Federal Pell Grant (although cost of education only affects the student's award amount if the cost is less than \$2,300).

The lower the EFC, the greater the demonstration of a student's financial need. Consequently, the amount of the grant increases as the EFC decreases, such that an applicant with the minimum EFC of zero may receive the maximum award equal to the applicant's educational cost for the year up to \$2,300. Proportionally smaller awards are made to part-time students.